Indo-US fund for research and development projects

*308. PROF. B. RAMACHANDRA RAO:†

SHRI VITHALRAO MADHAVRAO JADHAV:

Will the PRIME MINISTER be pleased to state:

(a) whether a new Indo-US Fund for financing Research and Development Project has been launched recently under the Programme for Advancement of Commercial Technology (PACT);

(b) if so, what is the amount of funding available under this programme;

(c) whether the financing is proposed to be routed through the Industrial Credit and Investment Corporation of India (ICICI) and would be restricted to only public and private sector companies; and

(d) whether the project has since been implemented; if so, what is the number of companies involved and the amount approved so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) to (d) An Indo-US Fund for financing research and development projects has been launched with the name of 'Programme for Advancement of Commercial Technology' (PACT) under an Agreement between Govt. of India and Govt. of USA. Grants upto US dollar 10 million would be available under this Fund for financing Indo-US, R&D Joint Ventures. ICICI is the administering agency for the Fund, under the Agreement. Assistance from the Fund could be available subject to merits of each case not only to private and public sector companies but also to other forms of organisations like societies, partnerships, etc. The project has become operational in August, 1986 and so far cases of four companies, involving an assistance of US dollar 1.154 million from the Fund have been approved in principle.

†The question was actually asked on the floor of the House by Prof. B. Ramachandra Rao.

PROF. B. RAMACHANDRA RAO: This is an important programme undertaken jointly by India and US under the Indo-US Fund. First I would like to know whether the Minister has information about the number of public sector, private sector and other societies which were given these projects. Secondly, I would like to know which organisation or organisations select these projects as worthwhile for support under the Indo-US Fund.

SHRI JANARDHAN POOJARI: So far 238 inquires have been made. Out of these 20 inquiries have come from the USA.

Now, as regards details as to how many inquiries out of these 238 have come from the public sector, I may submit. I do not have particulars of each public sector undertaking. Out of 238, 20 have come from USA. There is a council and also a committee headed by ICICI Chairman with members. They will look into the purchase and also select and approve the projects. So far ICICI have given approval to four projects.

MR. CHAIRMAN: Second supplementary.

PROF. B. RAMACHANDRA RAO: Sir, ICICI is a financial agency and these projects in the nature of things might be having a large amount of technical content. So when you select a project, it is not necessarily for sake of only earning profits but the projects has a content and technology which is exchanged between India and U.S.A. May I know from the Minister as to who is assisting the ICICI in the matter of technology component which is relevant to the country? I would also like to know whether it is high-technology or medium technology.

SHRI JANARDHAN POOJARI: Sir, the committee consists of experts. The people who are coming forward for taking

advantage of this programme should have approved track record in commercial and R&D field. They should have also undertaken projects with innovative contents for development purposes. They must also have the capacity to contribute at least 50 per cent of the cost of projects. So all these things are looked into by ICICI.

SHRI SUKOMAL SEN: Sir, may I know from the hon. Minister whether the U.S. fund for research is solely meant for conducting indigenous research for advancement of commercial technology or import of technology from foreign countries is also admissible? Sir, the Minister has stated that four cmpanies are involved in the assistance, I would like to know the names of those four companies and the branch of research in which they are conducting work.

SHRI JANARDAN POOJARI: Sir, I would like to answer the second part of the hon. Member's question first. The names of four companies are : (1) M|s. Globe Auto (Gujarat) Ltd., Bombay (PDS). Their U.S. partner is M|s. Scott Motors Inc. Alamogordo, New Mexico. They will be conducting research in permanent magnate alternators allied electronic controls. (2) Infosys Consultants Private Ltd., Bangalore. Their U.S. partner is M|s. Anco Engineers IMC, Gulvercity, California. They are conducting research in the expert system in medical field. (3) M|s. Pennwalt India Ltd., Bombay. Their U.S. partner is M|s. Pennwalt Corporation, Philadelphia, Pennsulvania. They are doing research on dewaxing of rice-bran oil, and (4) M|s. Seshasayee Paper and Board Ltd., Erode and their U.S. partner is M|s. Beloit Corporation, Beloit, Wisconsin. They are conducting researh on process improvement in bagasse newsprint manufacture.

I agree with the hon. Member that we are going to have the research work in technology. We have some technology at laboratory stage and the idea is to convert this technology into commercial exploitation. Both U.S.A. and India will be benefited by this technology and research work.

PROF. (MRS.) ASIMA CHATTERJEE: Sir, first part of my question has already been answered. My second question is: what are the particular areas for the development of R&D programmes which have been undertaken under Indo-U.S. fund programme? How this would help scientific and technology development in our country? Thirdly, since the project has become operational from August, 1986, may I know from the Minister the names of the institutions or organisations that have been collaborating in this R&D joint venture?

SHRI JANARDHAN POOJARI: Sir, the assistance will be provided for the development of innovative technology in vital sectors of economy like industry, power, agriculture, energy, health etc. but it will not be allowed in prohibited areas and they cannot enter into those areas, that is defence, armaments, surveillance and weather modification etc.

SHRI NAGEN SAIKIA: Sir, my question has already been raised by Mrs. Asima Chatterjee.

SHRI JAGESH DESAI: Mr. Chairman, Sir, as regards the amount spent on R&D the private sector is spending about 0.8 per cent of the sales and the public sector is spending 1.6 per cent of the sale value. The private sector is not spending that much amount as is required of them for this purpose. Now, I would like to know whether the Government will give weightage to public sector undertakings for giving financial help for the purpose of R&D.

SHRI JANARDHAN POOJARI: Sir, under thls programme, we are not only covering the private sector which but we are covering the public sector also. (*Interruption*).

SHRI JAGESH DESAI: When they cannot spend it, they should be penalised and the public sector is doing good work

and spending more amount should be encouraged.

SHRI JANARDHAN POOJARI: That is what I stated. Enouragement will be there and we are seeing their track record also. The public sector is also entitled to this.

SHRI M. KADHARSHA: Mr. Chairman, Sir, if we want to attain technological superiority, no doubt, we have to concentrate on research and development which is a vital factor but the Government has awakened only after a long slumber to the reality and even now, the tehnological collaboration is meant only for soft drinks and instant coffee which does not come under priority sector. What will be the use of such research and development? Sir, it is not an easy job. It involves huge cost and also a lot of patience and dedication. So, I would like to know whether the Government will give any tax incentive to those who are involved in research and development work.

SHRI JANARDHAN POOJARI: Sir, in this field, the hon. Member has suggested that we have to give this tax incentive. We have given this tax incentive earlier also in the research and development areas but about giving this incentive here, we will examine that.

PROF. C. LAKSHMANNA: Mr. Chairman, Sir, I would like to know from the Minister what portion of the fund which is made available through this fund is from Indian sources and what portion of the fund is from the U.S. sources. Is this amount which is spent by the various Companies in addition to what has been spent for R&D or to supplement R&D efforts?

SHRI JANRDHAN POOJARI: The entire fund is created from the assistance given by the U.S.A. Government and 50 per cent of the project will be funded by this fund subject to a maximum limit of 5 lakh U.S. Dollars.

*309. [*The questioner (Shri Krishna Kumar Birla) was absent. For answer,* vide *col.*.....infra.]

*310. [*The questioner (Shri Parvathaneni Upendra) was absent. For answer,* vide *col.* 36-37 *infra*].

Incentives to the electronics industry

*311. SHRI KALPNATH RAI: Will the PRIME MINISTER be pleased to state:

(a) whether any incentives are being provided to the electronics industry so as to ensure its rapid development;

(b) if so, what are the details thereof and whether these incentives have brought about the desired results;

(c) what is the quantity of electronics goods produced in the country during the last three years, year-wise; and

(d) what is the quantity of electronics goods expected to be produced in the country during the current financial year?

THE MINISTER OF STATE IN THE DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES IN THE MINISTRY OF DEFENCE (SHRI SHIVRAJ PATIL): (a) to (d) A Statement is laid on the Table of Rajya Sabha.

Statement

(a) Yes, Sir.

(b) Details are given in Annexure-I. (*See* below). The impact of these incentives on the electronics industry are given in Annexure-II. (*See* below).

(c) The production of Electronics during Ist three years has been the following:

Year	Rs. Crores	Growth
1983-84 . .	1480	15.0%
1984-85 . .	2080	40.5%
1985-86 . .	2880	38.5%

(d) During current financial year the production of electronics in the country is expected to reach a level of Rs. 3635 crores.